Pellegrino, Rachel

From: Morris, Craig
Sent: Tuesday, January 04, 2011 5:25 PM
To: Brown, Brian (TM)
Subject: FW: Small Business Study

Follow Up Flag: Follow up
Due By: Wednesday, January 19, 2011 12:00 AM
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From: John A. Clifford [(b)(6)]
Sent: Monday, December 13, 2010 12:43 PM
To: TMFeedback
Subject: Small Business Study

Dear USPTO:

I am pleased to submit a reply to your inquiry. The opinions expressed herein are my own.

1. Please identify whether you are a trademark owner or practitioner, and the general size and nature of your business or trademark practice, including the number of trademark applications and registrations your business has, or your practice handles. Please note that the USPTO will fully consider any comments you submit, even if you choose not to identify yourself in a particular manner.

I am a trademark practitioner, working at Merchant & Gould P.C. Our law firm has filed at least 12,000 U.S. applications over the years. I personally have filed or maintained approximately 4,000 different marks since I began practicing in 1981. I personally also own three trademark registrations, and Merchant & Gould owns approximately a dozen registrations as well.

2. In approximately the last 5 years, please describe any instances of which you have first-hand knowledge where a small business may have been the target of litigation tactics attempting to enforce trademark rights beyond a reasonable interpretation of the scope of the rights granted to the trademark owner.

None.

3. Please describe situations where you have been involved in receiving a cease-and-desist letter. Anecdotal information might include, but is not limited to, a description of whether the letter resulted in the small business ceasing its use of one or more marks, or whether the sender of the cease-and-desist letter withdrew or abandoned its demands against the small business owner.

I believe the majority of all letters of this type are sent in good faith and only a small percentage could be considered bullying tactics. In nearly all cases the letters result in concern, upset, and often legal expenses by the recipient. I have seen cases where one party decided to stop what it was doing (or planned to do) and other cases where the opposite result was obtained. Senders of cease and desist letters often seek some sort of coexistence arrangement with the other side, and sometimes work out limitations on the scope of use, or scope or registration to resolve the matter. In other cases the sender simply gives

up and abandons their claim. Cease and desist letters are less of a concern to me that oppositions and cancellation actions are at the TTAB.

4. Please describe situations where you have been involved in trademark litigation in state or federal courts. Anecdotal information might include, but is not limited to, a description of whether the lawsuit settled on the basis of the small business agreeing to cease its use of one or more marks, or on the basis of the plaintiff withdrawing or abandoning its trademark-related allegation(s). Alternatively, relevant information might include whether such lawsuits resulted in a court judgment and the nature of the judgment (such as requiring the small business to cease its use of one or more marks, assessing monetary liability (damages, lost profits, or attorneys' fees) against the small business, requiring the plaintiff to pay the defendant's attorneys' fees, or imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure).

I am active in contested legal proceedings, mostly in federal court. I believe the power of a judge to hold parties accountable for their actions, and impose sanctions levels the playing field. These safe guards are not present in the TTAB rules of practice and this is part of the bullying problem in TTAB proceedings.

5. Please describe situations where you have been involved in opposition/cancellation proceedings instituted at the USPTO against small business owners. Anecdotal information might include, but is not limited to, a description of whether the proceedings settled on the basis of the small business agreeing to abandon its application(s) for one or more marks, or whether the proceedings settled on the basis of the plaintiff withdrawing or abandoning its notice of opposition or cancellation petition. Alternatively, relevant information might include a description of whether such proceedings resulted in a decision by the USPTO Trademark Trial and Appeal Board ("TTAB") refusing to register/canceling one or more marks owned by the small business, or whether such proceedings resulted in the TTAB imposing sanctions against the plaintiff under Rule 11 of the Federal Rules of Civil Procedure.

In my nearly 30 years of practice, I have only personally encountered two parties I felt were trademark bullies, Leo Stoller and Kellogg Company. Both were generated within the USPTO, and the TTAB. The Leo Stoller encounters were approximately five years ago, although I would need to verify the dates to be sure they fall within the five year period called for by this question. I have personally observed Kellogg Company, of Battle Creek, Michigan (also known as Kellogg North America Company, or acting through one of its subsidiaries, Kashi, or Bear Naked, Inc.) attempt to enforce its perceived trademark rights far beyond a reasonable scope in the USPTO. This tactic has been employed by them for many years, and has taken place recently as well. I have observed this with respect to trademark applications filed by smaller competitors (such as Malt-O-Meal Company) and even employed against large customers of Kelloggs' seeking to build a trademark portfolio of their own private label brands (such as Nash-Finch Company). In most such cases, Kellogg has 1) asserted one or more Kelloggs' marks that have only a very superficial similarity with the challenged mark; 2) demanded that the subject mark be abandoned and not registered; and, 3) asserted that the applicant "intended to mimic" the Kelloggs' brand. In my experience Kelloggs' has often used a form letter to make these allegations and sometimes asserts the "intent to mimic" allegation with no actual knowledge of the intent of any third party. They have used opposition proceedings and the threat of opposition proceedings to pressure applicants to stop use of a mark, change package designs, and otherwise push for relief beyond that available in an opposition proceeding. Malt-O-Meal is a much smaller company than Kellogg and has a fraction of the market share enjoyed by Kellogg. In some cases my client abandoned applications in order to resolve the matter. I also encountered several over reaching demand letters from Leo Stoller after my client's trademark application was published in the Official Gazette. These letters demanded royalties, and made threats of all kinds, including threats of filing trademark oppositions. Mr. Stoller's demands were without merit and were bullying tactics. When no reply was made to these letters, Mr. Stoller dropped the matter. None of my clients paid Mr. Stoller or lost any rights because of his actions.

The following is a partial list of proceedings, either formal proceedings or extension of time requests, made by Kelloggs against Malt-O-Meal Company trademark applications. This is taken directly from the TTABVUE website. This record goes back over ten years, and reflects 20 such proceedings with six active at this time. An examination of the trademark(s) asserted by Kellogg in these proceeding is telling. Frequently, the only element in common with the Malt-O-Meal mark is descriptive, or is even an ingredient or flavoring in the product. To often assert actionable confusion over such similarities speaks for itself.

Proceeding Filing Date	Defendant(s), Property(ies)	Plaintiff(s), Property(ies)
91196938 10/11/2010	Malt-O-Meal Company **Mark:** FROSTED TUMBLE WHEATS **S#:**77866045	Kellogg North America Company **Mark:** FROSTED MINI-WHEATS **S#:**72364923 **R#:**921229 **Mark:** MINI-WHEATS **S#:**73203663 **R#:**1147777 **Mark:** MINI-WHEATS LITTLE BITES **S#:**77459323 **R#:**3596366
77936415 08/12/2010	Malt-O-Meal Company **Mark:** SUNNY HONEY O'S **S#:**77936415	KELLOGG NORTH AMERICA COMPANY
77933520 07/29/2010	Malt-O-Meal Company **Mark:** SUNNY WHEAT PUFFS **S#:**77933520	KELLOGG NORTH AMERICA COMPANY
77936424 07/29/2010	Malt-O-Meal Company **Mark:** HONEY GRAHAM BLISS **S#:**77936424	KELLOGG NORTH AMERICA COMPANY
77936426 07/29/2010	Malt-O-Meal Company **Mark:** CINNAMON BLISS **S#:**77936426	KELLOGG NORTH AMERICA COMPANY
77166031 02/04/2010	Malt-O-Meal Company **Mark:** FROSTED FLAKERS **S#:**77166031	KELLOGG NORTH AMERICA COMPANY
91191021 07/13/2009	Malt-O-Meal Company **Mark:** NAKED WHEAT **S#:**77567860	Bear Naked, Inc. **Mark:** BEAR NAKED **S#:**78217073 **R#:**2800495 **Mark:** BEAR NAKED **S#:**76978227 **R#:**3161484 **Mark:** BEAR NAKED **S#:**78956284 **R#:**3260867
77166028 03/05/2008	Malt-O-Meal Company **Mark:** APPLE ZAPS **S#:**77166028	KELLOGG NORTH AMERICA COMPANY
77083809 07/23/2007	Malt-O-Meal Company **Mark:** TOASTED CINNAMON	KELLOGG NORTH AMERICA COMPANY

	SQUARES **S#:**77083809	
78863478 12/27/2006	Malt-O-Meal Company **Mark:** CEREAL SNACKERS **S#:**78863478	KELLOGG NORTH AMERICA COMPANY
76485554 04/22/2004	Malt-O-Meal Company **Mark:** HONEY GRAHAMS **S#:**76485554	Kellogg North America Company
76469159 02/05/2004	Malt-O-Meal Company **Mark:** BERRY GOODNESS **S#:**76469159	Mr. David A Herdman
91159285 12/30/2003	Malt-O-Meal Company **Mark:** TROPICAL TOOTIE FRUTIES **S#:**76381537	Kellogg Company
76371211 11/26/2002	Malt-O-Meal Company **Mark:** TREASURE MALLOWS **S#:**76371211	KELLOGG COMPANY
76074807 08/09/2002	Malt-O-Meal Company **Mark:** GRAHAM CRACKER CRUNCH **S#:**76074807	KELLOGG COMPANY
76074806 05/29/2002	Malt-O-Meal Company **Mark:** TOASTED CINNAMON TWISTS **S#:**76074806	KELLOGG COMPANY
91117092 12/29/1999	MALT-O-MEAL COMPANY **Mark:** CRACKLING COCOA CRISPS **S#:**75570278	KELLOGG COMPANY **Mark:** CRACKLIN' OAT BRAN **S#:**73106630 **R#:**1072333
91116410 12/15/1999	MALT-O-MEAL COMPANY **Mark:** CRACKLING FRUIT CRISPS **S#:**75570676	KELLOGG COMPANY **Mark:** CRACKLIN' OAT BRAN **S#:**73106630 **R#:**1072333
91114384 06/07/1999	MALT-O-MEAL COMPANY **Mark:** BETCHA CAN'T TASTE THE DIFFERENCE **S#:**75486519	KELLOGG COMPANY
91114380 06/03/1999	MALT-O-MEAL COMPANY **Mark:** FROSTED FRUIT-O FUN **S#:**74703659	KELLOGG COMPANY **Mark:** FROOT LOOPS **S#:**73729374 **R#:**1536599

6. Do you think trademark "bullies"[1] are currently a problem for trademark owners, and if so, how significant is the problem?

Yes. If it happens to you it is a significant problem. Bullying can raise the cost of entering a market and can distract management from performing more important tasks.

7. Do you think aggressive litigation tactics are more pervasive in the trademark area than in other areas of the law?

No, I do not. The TTAB however offers a relatively risk free venue for such tactics where there is no meaningful sanction for bad conduct. It is the case that Kellogg Company rarely files suit in court where their over aggressive conduct might be sanctioned by a judge. It is also the case that school yard bullies rarely pick a fight in front of the Principal, either.

8. Do you think the USPTO has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should the USPTO do?

Yes. The TTAB should become an effective tribunal at resolving oppositions and cancellations, should employ early neutral evaluations, and should recognize that they are being taken advantage of by a small percentage of bullies. Perhaps bullies such as Kelloggs should be required to propose all filings they wish to make to an officer of the TTAB who will decide if the filing is reasonable, and if not, the filing would not be allowed. The PTO banned Leo Stoller from making filings because he was a known trademark bully. Similar procedures could be employed as needed in a more general way. The TTAB could recognize as an affirmative defense that prevents relief in favor of a bully in an opposition if the bullied party could show they were a victim of bullying.

9. Do you think the U.S. courts have a responsibility to do something to discourage trademark bullies? If yes, what should the U.S. courts do?

I think the courts are doing a good job, and are aware of all types of over reaching. They have the tools in the Rules of Civil Procedure to take effective action already.

10. What other U.S. agencies may have a responsibility to do something about the problem?

No answer.

11. Do you think Congress has a responsibility to do something to discourage or prevent trademark bullying? If yes, what should Congress do?

To the extent the TTAB is an agency of the Department of Commerce, congress should take steps to prevent companies like Kelloggs from bullying on the TTAB playground. Mr. Stoller was ultimately prevented from abusing the TTAB procedures for his advantage. Perhaps similar procedures can be developed to curb others who proceed unfairly.

12. Please provide any other comments you may have.

I wish to disclose that I am an attorney who has clients who have a point of view on this matter. I represent Malt-O-Meal Company and Nash-Finch Company in trademark matters, both of whom have been mentioned above. I should not be considered impartial. I have, however, provided you my honest personal opinions in response to the questions asked. The opinions given herein are my own, and are not made on behalf of my law firm, or any client.

Respectfully Submitted,

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